

Message Text

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SUBJ: EC-YUGOSLAV RELATIONS

REF: BRUSSELS 11156

1. FOLLOWING IS INFORMAL MISSION TRANSLATION OF TEXT OF
COMMISSION'S GENERAL COMMUNICATION ON YUGOSLAVIA BEING
SUBMITTED TO EC COUNCIL FOR CONSIDERATION AT ITS JULY 25
MEETING (SEE SEPTTEL):

QUOTE: IN ACCORDANCE WITH THE INFORMATION SUBMITTED TO
THE COUNCIL JUNE 6, AND WITH THE COUNCIL'S GUIDANCE, THE
COMMISSION UNDERTOOK WITH THE YUGOSLAV GOVERNMENT AN IN-
DEPTH STUDY OF THE LATTER'S CONCERNS AND ITS VIEWS:

- CONCERNING THE NATURE AND TYPE OF AGREEMENT IT
WISHES TO CONCLUDE WITH THE COMMUNITY;

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- CONCERNING THE MEANS THAT MUST BE USED IN ORDER
FOR THE COMMUNITY TO MEET THE YUGOSLAV DEMANDS.

2. THESE DISCUSSIONS BROUGHT OUT THAT THE YUGOSLAV GOVERN-
MENT WISHES TO BROADEN ITS COOPERATION RELATIONSHIP WITH
THE COMMUNITY: IT PARTICULARLY WISHES THE EC, IN ACCORD-
ANCE WITH THE BELGRADE DECLARATION AND IN RESPECT OF THE

NATURE OF ITS TIES WITH YUGOSLAVIA AS A MEDITERRANEAN, DEVELOPING, AND NON-ALIGNED COUNTRY, TO TAKE ALL POSSIBLE STEPS TO IMPROVE YUGOSLAVIA'S TRADE BALANCE WITH THE EC AND TO INSTILL GREATER STABILITY IN OUR TRADE RELATIONS.

THESE CONSIDERATIONS LEAD THE COMMISSION TO THE CONCLUSION THAT THE NEGOTIATION DIRECTIVES ADOPTED BY THE COUNCIL JANUARY 13, 1978 MUST BE MODIFIED. IN ORDER TO RESPOND TO THE YUGOSLAV REQUESTS TO REINFORCE STABILITY IN EXCHANGES, ACCESS OF YUGOSLAV PRODUCTS TO THE COMMUNITY MARKET MUST BE IMPROVED. A CONTINUED INCREASE OF YUGOSLAVIA'S TRADE DEFICIT COULD COMPROMISE THE ECONOMIC STABILITY OF THAT COUNTRY.

IT IS IN THE INTERESTS OF THE TWO PARTNERS THAT THIS SITUATION BE PUT INTO CHECK IF NOT REVERSED, PARTICULARLY SINCE THE COMMUNITY IS AN IMPORTANT SUPPLIER OF PRODUCTS TO YUGOSLAVIA. HOWEVER, SUCH ACTION IS NOT POSSIBLE UNDER THE CURRENT (NEGOTIATING) APPROACH.

3. IN ELABORATING ITS PROPOSAL THE COMMISSION WILL TAKE INTO ACCOUNT THE PROVISIONS OF THE ACCORDS OF CERTAIN MEDITERRANEAN COUNTRIES. WITH THIS IN MIND, AND IN CONFORMITY WITH THE POLICY DEFINED BY THE COUNCIL IN 1972 REGARDING MEDITERRANEAN COUNTRIES, THE COMMISSION WILL PROPOSE THAT AN AGREEMENT SHOULD BE CONCLUDED WITH YUGOSLAVIA DESIGNED:

(A) IN THE TRADE SECTOR, TO ALLOW YUGOSLAV INDUSTRIAL LIMITED OFFICIAL USE

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PRODUCTS TO ENTER THE COMMUNITY EXEMPT FROM CUSTOMS DUTIES AND TAXES IN A MANNER SIMILAR TO THE ARRANGEMENTS THAT HAVE BEEN PROVIDED FOR IN THE MEDITERRANEAN AGREEMENTS (THE PRESENTATION TO GATT, DISMANTELEMENT CALENDAR, CEILINGS FOR SENSITIVE PRODUCTS, SAFEGUARD CLAUSE, COMPETITION CLAUSE, DUMPING CLAUSE, ETC.). THE AGREEMENT WOULD ALSO INCLUDE AN AGRICULTURAL WINDOW.

(B) IN THE FINANCIAL COOPERATION SECTOR, TO CONCLUDE A PROTOCOL CONSISTING OF A SUM AND A CERTAIN AMOUNT OF LIBERALITY SIMILAR TO THOSE CONTAINED IN AGREEMENTS FOR COUNTRIES OF THE SAME REGION WHOSE LEVEL OF DEVELOPMENT, GEOGRAPHIC DIMENSION, AND DEMOGRAPHY ARE COMPARABLE TO THOSE OF YUGOSLAVIA.

(C) IN THE SOCIAL SECTOR, TO RETURN TO ITS INITIAL PROPOSALS REGARDING GRANTING YUGOSLAV WORKERS THE SAME NON-DISCRIMINATORY GUARANTEES THAT WORKERS OF CERTAIN MEDITERRANEAN COUNTRIES BENEFIT FROM.

4. IN VIEW OF THE ABOVE, THE COMMISSION WILL PRESENT TO THE COUNCIL IN THE FALL SPECIFIC PROPOSALS IN THE INDUSTRIAL, AGRICULTURAL, FINANCIAL AND SOCIAL SECTORS WHICH WILL PERMIT (THE COMMUNITY) TO CONFIRM THE SUI GENERIS

CHARACTER OF OUR RELATIONS WITH YUGOSLAVIA AND TO ASSURE
A SATISFACTORY CONCLUSION OF THE NEGOTIATIONS BY THE END
OF THE CURRENT YEAR. END QUOTE. HINTON

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